

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 INRE-00
SSO-00 SS-15 SP-02 NSCE-00 PA-01 PRS-01 USIE-00
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-----021687 011743Z /43

O 011658Z DEC 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC NIACT IMMEDIATE 6661

LIMITED OFFICIAL USE SECTION 01 OF 03 MEXICO 19952

E.O. 11652: N/A

TAGS: EAIR, MX, US

SUBJECT: CIVAIR: US-MEXICO NEGOTIATIONS

1. SUMMARY: WE HAVE ALMOST COMPLETED WORKING OUT WITH GOM A SIGNIFICANTLY LIBERALIZED AND EXPANDED ROUTE PACKAGE WHICH WOULD AFFORD IMPROVED ACCESS FOR PASSENGERS FROM ALL IMPORTANT U.S. POINTS TO ALL IMPORTANT MEXICAN POINTS AND VICE VERSA. THIS PACKAGE IS CONTINGENT, HOWEVER, ON OUR ACCEPTING LESS THAN A FULL BILATERAL AGREEMENT ON CHARTERS. GOM HAS NOT REFUSED A U.S. CHARTER APPLICATION IN YEARS AND IS WILLING TO GIVE US ASSURANCES THAT IT DOES NOT INTEND TO CHANGE ITS CURRENT LIBERAL CHARTER POLICIES, BUT IT INSISTS ON RETAINING THE RIGHT OF REFUSAL. USDEL MEMBERS ARE UNANIMOUS IN THE VIEW THAT WE SHOULD NOT FOREGO EXTREMELY LIBERAL AND HIGHLY ADVANTAGEOUS ROUTE AGREEMENT BECAUSE WE ARE UNABLE TO OBTAIN CHARTER AGREEMENT WHOSE VALUE IS LIMITED TO FORM RATHER THAN SUBSTANCE. CONTRARY POSITION WOULD DENY U.S. CONSUMERS AND AIRLINES (BOTH SCHEDULED AND CHARTER) THE ADVANTAGES OF ROUTE LIBERALIZATION AND COULD CAUSE GOM TO CHANGE ITS LIBERAL CHARTER POLICY. END SUMMARY.

2. OUR ROUTE NEGOTIATIONS ARE CLOSE TO ACHIEVING ALL

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MAJOR U.S. OBJECTIVES. AFTER 5 YEARS OF FRUSTRATION AND FAILURE, WE ARE FINALLY SUCCEEDING IN PERSUADING THE GOM TO ABANDON ITS RESTRICTIONISTIC AND PROTECTIONISTIC POLICIES ON SCHEDULED SERVICES AND TO APPROACH THE ISSUE OF SCHEDULED SERVICES ROUTES WITH THE SAME KIND OF LIBERAL PHILOSOPHY THAT IT HAS TRADITIONALLY FOLLOWED WITH REGARD TO CHARTERS. GOM IS FINALLY BEGINNING TO OPEN THE MEXICAN

MARKET. IN RETURN WE ARE BEING LIBERAL IN GRANTING MEXICO ACCESS TO THE U.S. MARKET. OUR OBJECTIVE HAS BEEN TO PROVIDE TOURISTS AND BUSINESSMEN WITH WIDEST POSSIBLE ACCESS TO MEXICAN POINTS OF IMPORTANCE FROM MAXIMUM NUMBER OF U.S. GATEWAYS, AND VICE VERSA, AND WE ARE ABOUT TO ACHIEVE THIS.

3. THE NEW NONSTOP AUTHORITY BETWEEN U.S. GATEWAYS AND POINTS IN MEXICO FOR BOTH U.S. AND MEXICAN SERVICES WOULD BE:

A) BETWEEN NEW YORK AND MANZANILLO, ZIHUATANEJO, MEXICO CITY (FOR AN ADDITIONAL U.S. CARRIER), MERIDA, COZUMEL, CANCUN, AND BEYOND TO CENTRAL AND SOUTH AMERICA.

B) BETWEEN WASHINGTON/BALTIMORE AND MANZANILLO, ZIHUATANEJO, MERIDA, COZUMEL, CANCUN, MEXICO CITY (FOR AN ADDITIONAL U.S. CARRIER), AND BEYOND TO CENTRAL AND SOUTH AMERICA.

C) BETWEEN ATLANTA AND MANZANILLO, ZIHUATANEJO, LORETO, MERIDA, COZUMEL, AND CANCUN.

D) BETWEEN NEW ORLEANS AND MANZANILLO, ZIHUATANEJO, AND LORETO.

E) BETWEEN DALLAS/FORT WORTH AND MANZANILLO, LIMITED OFFICIAL USE

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ZIHUANTANEJO, MERIDA, COZUMEL, CANCUN AND BEYOND TO CENTRAL AND SOUTH AMERICA.

F) BETWEEN SAN ANTONIO AND MANZANILLO, ZIHUATANEJO, LORETO, LA PAZ, SAN JOSE DEL EABO, MAZATLAN, PUERTO VALLARTA, GUADALAJARA, AND BEYOND TO CENTRAL AND SOUTH AMERICA.

G) BETWEEN CHICAGO AND MANZANILLO, ZIHUATANEJO, LORETO, LA PAZ, SAN JOSE DEL CABO, MAZATLAN, PUERTO VALLARTA, GUADALAJARA, MERIDA, COZUMEL, AND CANCUN.

H) BETWEEN SAN FRANCISCO AND MEXICO CITY(FOR TWO ADDLYIONAL U.S. CARRIERS),ACAPULCO(FORAN ADDITIONAL U.S. CARRIER),AND BEYOND TO CENTRAL AND SOUTH AMERICA;

8) BETWEEN LOS ANGELES AND GUADALAJARA, PUERTO VALLARTA, ZIHUATANEJO, MAZATLAN, MANZACB TO LORETO, LA PAZ, SAN JOSE DEL CABO, MEXICO CITY (FOR AN ADDITIONAL U.S. CARRIER),AND BEYOND CENTRAL AND SOUTH AMERICA.

J) BETWEEN HOUSTON AND
GUADALAJARA, LORETO, LA PAZ,
ACAPULCO (FOR AN ADDITIONAL U.S. CARRIER), SAN JOSE DEL
CABO, MAZATLAN, PUERTO VALLARTA, MANZANILLO, AND
ZIHUATJHDJO.

K) BETWEEN ALBUQUERQUE AND HERMOSILLO, BAHIA KINO,
LORETO, LA PAZ, SAN JOSE DEL CABO, MAZATLAN, PUERTO
VALLARTA, GUADALAJARA, MANZANILLO, ZIHUATANEJO, ACAPULCO
AND MEXICO CITY.

L) BETWEEN EL PASO AND HERMOSILLO, BAHIA KINO, LORETO,
LA PAZ, SAN JOSE DEL CABO, MAZATLAN, PUERTO VALLARTA,
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GUADALAJARA, MANZANILLO, ZIHUATANEJO, ACAPULCO AND MEXICO
CITY.

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ACTION EB-08

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M) BETWEEN PHOENIX AND MANZANILLO, MEXICO CITY,
ZIHUATANEJO, AND ACAPULCO.

N) BETWEEN CLEVELAND AND MERIDA, COZUMEL, AND CANCUN.

O) BETWEEN DETROIT AND MERIDA, COZUMEL, AND CANCUN.

P) THE REMOVAL OF RESTRICTIONS WHICH GOM CURRENTLY APPLIES TO U.S. CARRIER OPERATIONS WOULD BE:

1) REMOVAL OF MANDATORY STOP BETWEEN MEXICO CITY-MIAMI;

2) REMOVAL OF MANDATORY STOP BETWEEN MEXICO CITY-PANAMA;

3) REMOVAL OF MANDATORY STOP BETWEEN PHOENIX-GUADALAJARA;

4) REMOVAL OF MANDATORY STOP BETWEEN TUCSON-PUERTO VALLARTA;

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5) REMOVAL OF MANDATORY STOP BETWEEN SAN DIEGO-ACAPULCO;

6) REMOVAL OF PROHIBITION OF SERVICE TO EUROPE VIA FLORIDA.

4. SIMULTANEOUSLY WE ARE PRESSING HARD FOR COMMITMENTS ON LOW FARES. WE ARE URGING GOM TO ENTER INTO BILATERAL CHARTER AGREEMENT AND TO PLEDGE ITSELF TO LOW FARES ON SCHEDULED SERVICE. WITH REGARD TO LATTER, GOM HAS BEEN VERY FORTHCOMING AND WE ARE IN FINAL STAGES OF AGREEMENT ON FOLLOWING TEXT:

"BOTH GOVERNMENTS UNDERTAKE TO INCREASE OPPORTUNITIES FOR THE TRANSPORTATION OF PASSENGERS AND CARGO ON THE AIRLINES DESIGNATED BY THE PARTIES. THEY WILL THEREFORE ENCOURAGE THEIR RESPECTIVE AIRLINES TO:

(1) OFFER SERVICES AT THE LOWEST POSSIBLE RATES AND (2) PROPOSE, IMPLEMENT AND APPLY, ON AN EXPERIMENTAL BASIS, REDUCED PASSENGER AND CARGO RATES AND FARES, AS MAY BE JUSTIFIED IN RELATION TO COSTS AND OTHER ELEMENTS SET FORTH IN ARTICLE 11 OF THE AGREEMENT."

5. AS FOR CHARTERS, GOM HAS STATED FLATLY THAT DESPITE ITS INTENTION TO MAINTAIN ITS TRADITIONAL LIBERAL CHARTER POLICIES, IT IS NOT PREPARED TO ENTER INTO FULL BILATERAL CHARTER AGREEMENT. IT IS WILLING, HOWEVER, TO SIGN MEMORANDUM OF UNDERSTANDING WHOSE MAIN ELEMENTS WOULD BE LIMITED TO STATEMENTS OF (A) STRONG PRO-CHARTER POLICY OF EACH GOVERNMENT (B) INTENTION OF EACH GOVERNMENT TO GRANT

ALL CHARTER APPLICATIONS PRESENTED BY AIRLINES OF OTHER
COUNTRY AND (C) SUBSTANTIAL, ALTHOUGH NOT TOTAL, ACCEP-
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TANCE OF COUNTRY-OF-ORIGIN CHARTERWORTHINESS RULES. WE
HAVE TRIED BUT HAVE NOT SUCCEEDED IN OBTAINING EXPLICIT
PROHIBITION OF ANY LIMITATION ON CHARTER PRICE AND CAPA-
CITY. ALTHOUGH WE PLAN TO CONTINUE TRYING, WE DO NOT RPT
NOT BELIEVE THAT, DESPITE WHATEVER FURTHER EFFORTS WE
MIGHT MAKE, WE WILL BE ABLE TO GET GOM TO AGREE TO EITHER
INCLUSION OF SPECIFIC LIBERAL CHARTER GUARANTEES SUCH AS
THOSE WE NEGOTIATED WITH BELGIUM OR, REGARDLESS OF SUB-
STANCE, TO PUTTING CHARTER UNDERSTANDING IN THE FORM OF
BILATERAL AGREEMENT.

6. MEMBERS OF USDEL ARE UNANIMOUSLY OF THE OPINION THAT
PACKAGE WE HOPE TO BE ABLE TO NEGOTIATE WOULD BE OF MAJOR
BENEFIT TO CONSUMERS AND AIRLINES. AFTER FIVE YEARS OF
ADAMANT PROTECTIONISM ON PART OF GOM, WE ARE FINALLY ABOUT
TO ACHIEVE A BREAKTHROUGH. THE NEW AGREEMENT WOULD PRO-
VIDE MORE THAN WE HAD EXPECTED BOTH IMMEDIATELY AND,
FOLLOWING THE PHASE IN OF ADDITIONAL NEW OPPORTUNITIES IN
1979 AND 1980, OVER THE NEXT FEW YEARS. THE ADVANTAGES
IT WOULD YIELD WOULD BE MAJOR AND SIGNIFICANT. WE SEE
LITTLE PURPOSE IN REJECTING THESE VALUABLE BENEFITS WHICH
WOULD PROMOTE THE PRO-CONSUMER INTERESTS THAT UNDERLIE
CURRENT U.S. AVIATION POLICY BECAUSE WE CANNOT OBTAIN
A FORMAL DECLARATION OF OTHER BENEFITS WHICH WE ALREADY
ENJOY. IN OUR AVIATION RELATIONS WITH MEXICO CHARTERS
ARE NOT A PROBLEM AND HAVE NOT BEEN FOR SEVERAL YEARS.
GOM HAS NOT REJECTED CHARTER APPLICATIONS AND IS WILLING
TO GIVE ITS WRITTEN ASSURANCE AS DESCRIBED IN PARA 5 ABOVE
THAT IT DOES NOT EXPECT TO DO SO IN THE FUTURE. IT IS
OUR BELIEF, IN WHICH EMBASSY CONCURS, THAT THERE IS DIS-
TINCT DANGER IF WE DO NOT REACH AGREEMENT ON ROUTES NOW,
PRECARIOUS BALANCE IN GOM IN FAVOR OF EXPANSIONISM MAY

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NOT BE ABLE TO PREVAIL AND THE OPPORTUNITY WE HAVEVZTHIS
WEEK TO ACHIEVE LIBERALIZATION OF ROUTES MAY BE LOST.

7. FOREGOING VIEW IS SHARED BY USDEL EXPERT ADVISORS FROM
ATA AND ALPA AS WELL AS BY 14 OF THE 16 AIRLINES WHICH
HAVE DIRECT INTEREST IN MEXICO OPERATIONS. OF THESE 14,
9 HAVE CHARTER OPERATIONS AND 2 ARE SUPPLEMENTALS WHICH
OPERATE ONLY CHARTERS. LATTER ARE CONCERNED THAT FAILURE
OF NEGOTIATIONS AT THIS POINT OVER CHARTER AGREEMENT ISSUE
COULD RESULT IN CHANGE IN CURRENT LIBERAL GOM CHARTER
POLICY. USDEL EXPERT ADVISOR FROM NACA AND NACA'S TWO
MEMBERS WHICH HAVE INTERNATIONAL CHARTER OPERATIONS
ADVOCATE NOT CONCLUDING ANY SCHEDULED SERVICE AGREEMENT
WITHOUT PARALLEL FULL CHARTER AGREEMENT.

8. RECOMMENDATION: USDEL REQUESTS INSTRUCTIONS BY
IMMEDIATE RETURN CABLE TO SIGN AD REFERENDUM AGREEMENT
ALONG THE LINES DESCRIBED IN PARAS 2-5 ABOVE. LUCEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO19952
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770445-1179
Format: TEL
From: MEXICO
Handling Restrictions: n/a
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Litigation History:
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 113425
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: US-MEXICO NEGOTIATIONS
TAGS: EAIR, MX, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4af6cefb-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009